Westburne International Industries Ltd.

ANNUAL REPORT 1976

"THE OLD COCHRANE RANCH"

The Big C, Cochrane
O. N. Grandmaison
From the collection
of WESTBURNE
International Industries Ltd.

The Cochrane Ranch or the Big C in Cochrane was the oldest ranch house in western Canada. To historians, the Cochrane ranch site is "sacred ground" because it was not only pioneered as the original largest cattle spread but it also contained half the sheep in western Canada at one time. The painter has given us a very close-up picture of the old Cochrane homestead and has framed this vision by mountains standing as giant sentinels to the west. In 1882, the date of the Cochrane lease, the Big C spread was over 100,000 acres.

Senator M. H. Cochrane of Montreal was the original founder and he leased his spread under the government policy at the yearly rate of 1¢ per acre. The government also exempted duty payments on the cattle imported from the United States. Finally the leased land was purchased from the federal government by Senator Cochrane and he soon turned the land over to his son, W. F. Cochrane.

Major Walker became the manager of the Big C for Senator Cochrane and together they brought from Montana to Alberta some of the first cattle. The Cochrane Ranch became one of the largest and best stocked ranches in the Canadian west. The Big C Ranch somehow despite bad winters and heavy losses of cattle managed to sustain itself, and when in 1906 it was sold to the Mormon church it comprised almost the original block of land.

The first Cochrane Ranch house was an old log cabin with a sod roof. Although when the Cochrane Ranch enterprise was begun in 1881, Alberta existed only as part of the Northwest Territories. The Big C Ranch conjures up a picture of early developments in Alberta and in fact gave its name to the present town of Cochrane.

westburne international industries ltd.

AND SUBSIDIARY COMPANIES

DIRECTORS

T. H. ATKINSON, M.C.
Retired Bank Executive,
Montreal, Quebec.

W. M. BOOTH,
Vice-President, Superior Drilling,
(a division of Kenai Drilling Limited),
Contract oil & gas drilling,
Denver, Colorado.

JOHN H. COLEMAN,
Retired Bank Executive,
Toronto, Ontario.

* LUCIEN CORNEZ,
‡ *Chairman of United Westburne Industries Limited,*
Montreal, Quebec.

* F. R. MATTHEWS, Q.C.
Barrister & Solicitor,
Partner of MacKimmie Matthews,
Calgary, Alberta.

ABRAHAM PALMER,
‡ *President, Palmers Plumbing Supply Limited,*
Ottawa, Ontario.

JOSEPH RIMERMAN,
‡ *Chairman, Craig Plumbing & Heating Supplies Co. Ltd.,*
Montreal, Quebec.

MAURICE SAILLANT,
‡ *Chairman, Saillant Inc.,*
Plumbing & Heating Supplies,
Quebec, Quebec.

* J. A. SCRYMGEOUR,
Chairman of the Board,
Westburne International Industries Ltd.,
Tucker's Town, Bermuda.

R. D. SOUTHERN,
President, Atco Industries Ltd.,
Manufacturer of portable housing,
Calgary, Alberta.

D. N. STOKER,
Senior Vice-President and Director,
Nesbitt, Thomson and Company, Limited,
Securities dealer/broker,
Montreal, Quebec.

D. W. WESTCOTT,
‡ *President, United Westburne Industries Limited,*
Winnipeg, Manitoba.

P. D. WILLIAMS,
‡ *President, Westburne Petroleum & Minerals Ltd.,*
Calgary, Alberta.

* W. S. ZARUBY,
President, Westburne International Industries Ltd.,
Calgary, Alberta.

OFFICERS

J. A. SCRYMGEOUR,
Chairman of the Board.

W. S. ZARUBY,
President.

LUCIEN CORNEZ,
Senior Vice-President — Equipment and Supplies.

S. ABRAMOVITCH,
Vice-President — Finance.

D. W. WESTCOTT,
Vice-President.

W. J. CUMMER,
Treasurer.

L. R. ROBERTS,
Controller and Secretary.

Head Office
535 Seventh Avenue S.W., Calgary, Alberta

Transfer Agent and Registrar
Montreal Trust Company,
Vancouver, Calgary, Regina, Winnipeg, Toronto and Montreal.

Stock Exchange
The Toronto Stock Exchange,
The Montreal Stock Exchange,
Ticker Symbol (WBI).

Legal Counsel
MacKimmie Matthews, Calgary, Alberta.
Dunnington, Bartholow & Miller, New York, U.S.A.

Auditors
Touche Ross & Co.

* *Member of the Executive Committee*
‡ *Subsidiary company*

Financial Highlights

	1976	1975
For the Year Ended March 31 —		
Total Operating Revenue	$357,946,000	$310,488,000
Net Earnings	9,663,000	9,874,000
Net Earnings Applicable to Common Shares		
Before Extraordinary Items	7,395,000	9,172,000
* Per Common Share — Basic Earnings	2.23	2.94
— Fully Diluted Earnings	1.97	2.35
After Extraordinary Items	9,365,000	9,378,000
* Per Common Share — Basic Earnings	2.83	3.01
— Fully Diluted Earnings	2.48	2.40
Cash Flow from Operations	18,682,000	16,729,000
As at March 31 —		
Fixed Assets — Net	111,857,000	81,437,000
Total Assets	264,357,000	213,934,000
Long Term Debt — less amount due within one year	84,051,000	62,390,000
Shareholders' Equity		
Preferred	1,952,000	6,648,000
Common	52,944,000	40,920,000
Per Common Share	15.32	$13.13
Total Equity	54,896,000	47,568,000
Number of Common Shares outstanding (net)	3,456,329	3,116,517

* *Based on weighted average number of shares outstanding during the year.*

Information on Capital Stock

Westburne has three classes of shares — Preferred Shares of the par value of $25 each, Subordinated Preferred Shares of the par value of $10 each and Common Shares of the par value of $1 each. All of the issued Preferred Shares were called for redemption on October 1, 1975. The Subordinated Preferred Shares were sold only to directors, officers and employees of Westburne or its subsidiaries and are not listed on any stock exchange. The Common Shares and Share Purchase Warrants Series A (which entitle a holder thereof, upon exercise (up to March 15, 1977) and payment of $6, to One (1) Common Share) are listed on The Toronto Stock Exchange and the Montreal Stock Exchange.

NO DIVIDENDS HAVE BEEN PAID ON THE COMMON SHARES

PRICE RANGE ON THE TORONTO STOCK EXCHANGE

Two fiscal years ended March 31, 1976

	Common Shares				Share Purchase Warrants			
	1976		1975		1976		1975	
Fiscal Quarter	High	Low	High	Low	High	Low	High	Low
First	$11-1/4	$9-1/2	$11	$7-3/8	$7	$4	$6-3/4	$4
Second	12-1/8	9	9-1/2	6-1/2	7-1/8	4-1/2	5	3-3/4
Third	9-1/2	7-5/8	7-5/8	5-1/4	4-3/4	3-1/2	4	2-1/4
Fourth	12-1/4	7-7/8	8-5/8	5-7/8	7-3/4	3-7/8	5-1/4	3

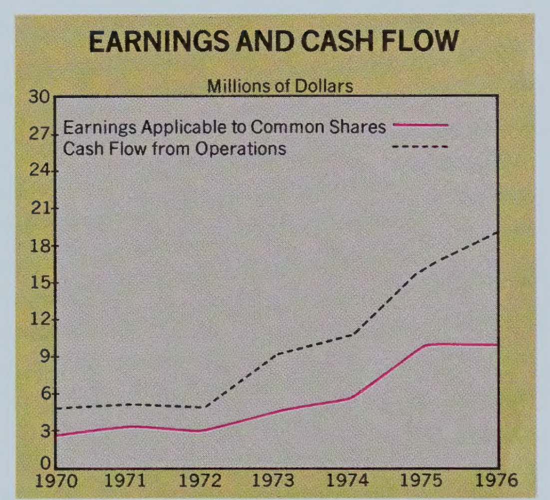
To the Shareholders:

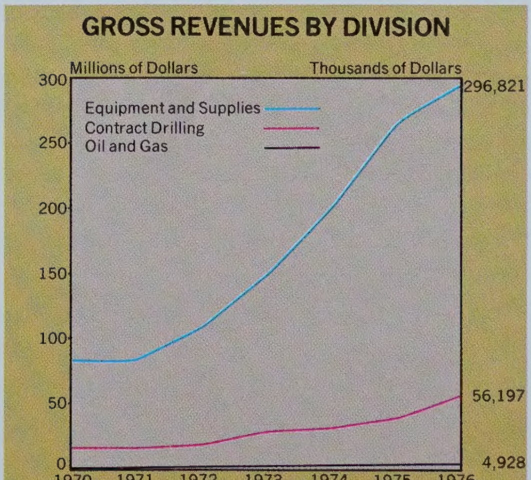
The past year was one featuring significant developments in your Company's overall operations — gross revenues of each division reaching alltime highs, major capital expansion program completed, commencement of long term drilling contracts in Algeria and Iran and the resurgence in Canadian drilling, oil exploration and development — all are highlights of a busy year under economic and political conditions which cast shadows from time to time.

Operating revenues reached $357,946,000 during the year ended March 31, 1976 compared to $310,488,000 in the prior year. Net earnings applicable to common shares were $9,365,000 which included $1,970,000 extraordinary income from sale of assets and income tax reductions while prior year's net earnings were $9,378,000 which included extraordinary income of $206,000 from income tax reductions. Current year's earnings also include an unrealized $587,000 foreign exchange conversion gain recorded for the first time in order to comply with a recently adopted accounting policy (a policy of which we do not approve but one with which we must comply). Fully diluted earnings per share were $2.48 (inclusive of $0.51 earnings from extraordinary items) compared to 1975 fully diluted earnings of $2.40 (inclusive of $0.05 from extraordinary items) while basic earnings per common share are $2.83 in 1976 (inclusive of $0.60 earnings from extraordinary items) compared with $3.01 in 1975 (inclusive of $0.07 earnings from extraordinary items). A significant factor was the increase in cash flow to $18,682,000 from $16,729,000 in 1975.

Although operating revenues continued to grow with an increase of almost 15 percent, net earnings did not follow the same pattern due to increased expenses related to foreign drilling contracts in Algeria and Iran, a costly "fishing job" in Algeria, and an unforeseen $1,500,000 loss on a drillship venture with Norwegian partners. This project was cancelled as a result of poor market conditions due to an oversupply of offshore mobile rigs on a worldwide basis. Our equipment and supplies division continued its expansion through integration of plumbing, heating and electrical products into more branches and by the opening of additional branches. This division recorded sales and profits that reflected our sound marketing policy and the operating skills of our people to carry them out. The oil exploration and development division participated in further development drilling in Canada and exploratory drilling in Canada, the North Sea and Bolivia.

Total capital expenditures during the year were $43,038,000 of which the principal amount was expended by the drilling division to complete fabrication and assembly of drilling rigs and related assets for contracts in Algeria, Iran, Indonesia and the North Sea. Six-year financing of $40,000,000 arranged in fiscal 1975 for equipment for use in Algeria and Iran was drawn down during June and July 1975. Additional financing of $16,900,000 was arranged during the year, $3,400,000 for two rigs for contracts in Indonesia and $13,500,000 for a platform rig for use in the North Sea. Agreement has been reached for the sale of the North Sea platform rig and our drilling contract has now been replaced with a four-year labour/management contract for the operation of the rig. Interim financing utilized in the construction of the rig will be repaid from the sale proceeds thereby reducing the Company's long term debt.





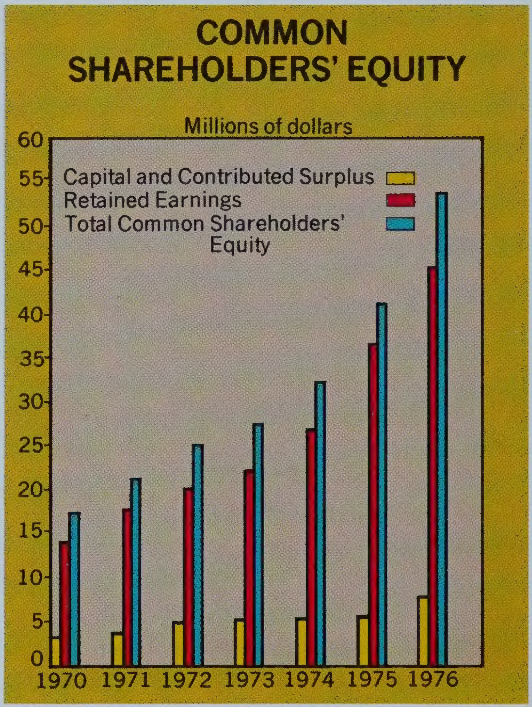
Westburne's size is reflected in the amounts appearing on the balance sheet — total assets increased to $264,357,000 from $213,934,000; investment in fixed assets increased to $139,445,000 from $105,376,000; long term debt increased to $84,051,000 from $62,390,000 and total shareholders' equity increased to $54,896,000 from $47,568,000.

During the year the Company called for redemption the issued Series A Preferred Shares and almost 60 percent of shareholders elected to convert their holdings into Common Shares of the Company, thereby increasing the Common Shares outstanding by 11 percent to 3,456,329 and the number of holders of Common Shares by 17 percent. Common shareholders' equity totals $52,944,000 which gives a $15.32 book value to each Common Share outstanding at March 31, 1976. Book value is not intended to be representative of *actual* value and this is especially true for companies having crude oil reserves. For example, the net cost of exploration and development related to our crude oil reserves is $9,572,000 whereas the present worth value discounted at a conservative 15 percent of only our *proven* oil reserves amounts to $20,270,000. This amount does not include any value attributable to our *probable* crude oil reserves.

The Company and certain of its Canadian subsidiaries are subject to Anti-Inflation Board regulations legislated by the Federal Government in October 1975. Considerable time and effort has been expended by our staff to obtain an understanding of the requirements of the legislation in order to comply with the guidelines. Based on our interpretation of the complex legislation the operations for the fiscal year just completed are not affected.

The excellent operating results in our Canadian drilling and oil and gas divisions reflect the improved political climate at both the federal and provincial levels of government and particularly the incentive programs in Alberta and British Columbia which gave impetus to the search for new petroleum reserves. Recent Alberta legislation which will accelerate the turnover of oil and gas leases should increase demand for drilling services. The proposed federal legislation allowing any individual or corporation to deduct exploration costs should create a fund of risk capital not previously available to Canadian oil and gas companies.

Looking back over three decades during which the industry pressed for this type of legislation can only lead to wistful reflection as to what might have been in Canadian ownership of petroleum resources had this incentive been instituted years ago. The expansion of the market for Western Canada's crude to Montreal comes under the same analysis for at least the thirteen oil companies who advocated this before the Borden Royal Commission on Energy in 1956. However late, these developments together with the recently announced increases in oil and gas prices should open the future to those Canadians, both corporate and individual, who are prepared to risk capital in Canada in the vital search for new petroleum resources.



On behalf of the Board of Directors

J. A. SCRYMGEOUR
Chairman.

Management's Discussion and Analysis of Operations for Fiscal 1976 and 1975 is as follows: (to be read in conjunction with Five Year Consolidated Summary of Earnings appearing on Page 17)

March 31, 1976 to March 31, 1975

OPERATING REVENUES

Each division increased operating revenues in the fiscal year ended in 1976 with equipment and supplies division increasing by $29,940,000, up 11.2 percent, contract drilling increasing by $16,715,000, up 42.3 percent and oil and gas production division by $803,000, up 19.5 percent. These increases were a result of —

a) Equipment and supplies division — increased demand for this division's product lines together with a full year's contribution to revenue from subsidiaries acquired in October, 1974.

b) Contract drilling division — demand increased in Canada and decreased in the United States during the year with overall volume increasing by approximately $3,200,000, about 10 percent. The principal increase was in foreign operations where gross revenues increased $13,500,000, or 164 percent. This increase mainly reflects the revenues generated from long term contracts commenced in Algeria and Iran midway through the fiscal period.

c) Oil and gas division — revenue increase due to combination of 4 percent increase in crude sales and Company share of increased wellhead price of crude in Canada.

COSTS AND EXPENSES

The percentage increase of 0.81 percent in costs and expenses for equipment and supplies, domestic contract drilling, oil and gas production and selling, general and administration, stayed well in line with the percentage increase in the related operating revenues. These costs include a loss of $1,500,000 related to a drillship construction venture with Norwegian partners which was cancelled. However, costs and expenses related to the Algerian and Iranian drilling contracts (average term about 3½ years) on which operations commenced at various times in the second half of calendar 1975, are higher than anticipated due to late start-up and heavy crew training costs, a costly "fishing" job and higher depreciation expense on the all-new equipment used on these contracts. These costs and expenses (excluding depreciation) on all foreign operations amount to 89 percent of revenue compared to 83 percent on domestic drilling operations. Depreciation expense on assets used on foreign contracts was $2,518,000, up from $180,000 in the prior year.

OTHER EXPENSES (REVENUE)

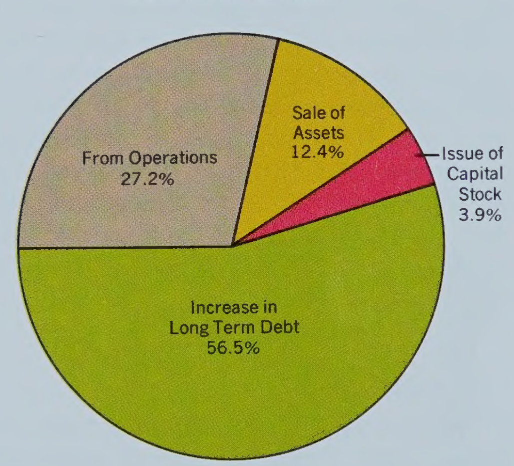
Long term debt interest increase of $2,787,000 includes $2,615,000 incurred to finance the drilling equipment for Algeria and Iran and additional equipment for Indonesia. Interest costs are heaviest in the early years of our long term contracts and will reduce as our indebtedness is retired. In the current year this increase was offset by a reduction of $1,116,000 interest on current borrowings while other items of sundry expense and revenue account for the balance of change in this item between the last two years.

NET EARNINGS (before income tax and extraordinary items)

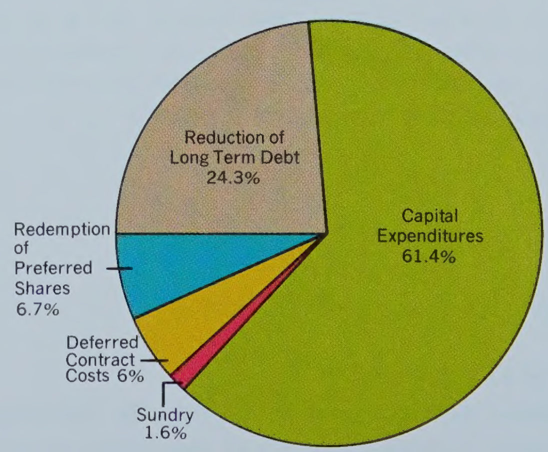
Net earnings declined by $2,248,000 from those in the prior year which is attributable to cost and expenses (including depreciation) and interest on long term debt related to foreign drilling operations. The percentage contributions to net earnings by divisions was (a) equipment and supplies 92.4% compared to 69.4% in

CHANGES IN FINANCIAL POSITION
(as a percentage)

Source of Funds



Application of Funds



1975, (b) contract drilling .5% compared to 23% in 1975 and (c) oil and gas production 7.1% compared to 7.6% in 1975. The division earnings as a percentage of division operating revenues remained constant except in the case of contract drilling: equipment and supplies 5.6% (1975 — 5.3%); contract drilling 1.6% (1975 — 11.9%) and oil and gas production 26.3% (1975 — 26.6%). The cost increases which caused the decline in earnings of the contract drilling division were explained earlier in this analysis.

INCOME TAX

The percentage of income tax to before-tax earnings varies from year to year from the stated rates of tax on corporate income in the various countries in which the Company operates since in certain of the countries the Company's contract exempts it from income tax.

EXTRAORDINARY ITEMS

Early in the fiscal period sales by auction of drilling equipment considered surplus to Canadian operations resulted in a gain of $937,000, net of applicable income tax. Despite this sale the Company remains the largest drilling contractor in Canada in terms of the number of drilling rigs available to its customers. With fewer rigs the Canadian company was better able to utilize the remaining 31 rigs and had its most successful year of operations. The Company further disposed of its 5 percent interest in another Canadian drilling company for a gain of $980,000, the decision being that such funds could be better used directly in our other drilling operations.

NET EARNINGS

The net earnings after income taxes, extraordinary income and minority interest remained relatively constant. Basic earnings per common share (after preferred dividends of $298,000 (1975 — $496,000)) were $2.83 compared to $3.01 in 1975 and fully diluted earnings per common share were $2.48 compared to $2.40 in 1975. The earnings per share comparisons reflect the effect of conversion midway during the fiscal year of Series A Preferred Shares into Common Shares which resulted in an increase in issued Common Shares outstanding of approximately 11 percent.

March 31, 1975 to March 31, 1974 —

OPERATING REVENUE

Each division contributed to the increase in operating revenue in the fiscal year ended in 1975 as compared to the prior year, with equipment and supplies division increasing $66,573,000 (33%), contract drilling division increasing $6,969,000 (21%) and oil and gas production increasing $1,616,000 (64%). These division increases were a result of —

a) Equipment and supplies — increased and steady demand for this division's product lines together additional volume from acquired subsidiaries in the period from October 1974 and full year volume from acquired subsidiaries during fiscal 1973.

b) Contract oil and gas drilling division — increased demand in United States and foreign areas exceeded reduction of demand in Canada.

c) Oil exploration and production — increased production and increased sales prices of crude oil.

COSTS AND EXPENSES

Increases in expenses and cost of products required to achieve the increased volume of sales were experienced in 1975 but the additional operating revenues enabled the Company to cover these costs and improve operating margins over 1974 by 1.7%.

INTEREST EXPENSE (less interest and other investment income)

This item reflects the additional costs in 1975 of current lines of bank credit required to finance receivables and inventory related to increased volume of business and of interest on certain additional long term debt to finance acquisition of further business assets.

NET EARNINGS (before income tax and extra-ordinary items)

Net earnings increased in 1975 over 1974 and reflects improved operating margins on increased revenues. The percentage contribution to net earnings by division was (a) equipment and supplies 69.4% (1974 — 64.9%); (b) contract drilling 23.0% (1974 — 30.2%) and oil and gas production 7.6% (1974 — 4.9%). The variation between divisions is a result of different rates of growth in the divisions. The division earnings as a percentage of division operating revenues improved over the prior year: equipment and supplies 5.3% (1974 — 3.6%); (b) contract drilling 11.9% (1974 — 10.5%) and oil and gas production 26.6% (1974 — 21.9%).

NET EARNINGS

As a result of increased volume and improved operating margins primary earnings (after income tax, minority interest and dividends on preferred shares) increased to $3.01 per common share compared to $1.61 per common share in the prior year, and fully diluted earnings to $2.40 per common share compared to $1.34 per common share.

westburne international industries ltd.
AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings For the Year Ended March 31, 1976

(Thousands of Dollars)

	1976	1975
OPERATING REVENUES		
Sales of merchandise	$296,821	$266,881
Contract drilling	56,197	39,482
Oil and gas production	4,928	4,125
	357,946	310,488
COSTS AND EXPENSES		
Cost of sales — merchandise	236,242	210,388
Contract drilling	42,402	28,049
Oil and gas production	2,036	1,636
Depreciation and depletion (Note 4)	6,790	3,712
Selling, general and administrative	45,904	41,500
	333,374	285,285
EARNINGS FROM OPERATIONS	24,572	25,203
OTHER EXPENSES (REVENUES) (Note 12)	6,430	4,813
EARNINGS BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	18,142	20,390
INCOME TAXES		
Current	7,371	7,452
Deferred	2,438	2,670
	9,809	10,122
EARNINGS BEFORE EXTRAORDINARY ITEMS	8,333	10,268
EXTRAORDINARY ITEMS (Note 12)	1,970	206
EARNINGS BEFORE MINORITY INTEREST	10,303	10,474
MINORITY INTEREST	640	600
NET EARNINGS	$ 9,663	$ 9,874
BASIC EARNINGS PER COMMON SHARE		
Earnings before extraordinary items	$2.23	$2.94
Extraordinary items	0.60	0.07
Net earnings	$2.83	$3.01
*FULLY DILUTED EARNINGS PER COMMON SHARE		
Earnings before extraordinary items	$1.97	$2.35
Extraordinary items	0.51	0.05
Net earnings	$2.48	$2.40

**Fully diluted earnings per common share gives effect to the exercise of warrants and the conversion of preferred shares.*

westburne international industries ltd.
AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet at March 31, 1976

(Thousands of Dollars)

ASSETS

	1976	1975
CURRENT		
Cash and short term deposits (Note 2)	**$ 8,314**	$ 8,402
Accounts receivable	**64,264**	56,423
Inventories, at lower of cost or net realizable value	**57,031**	49,461
Prepaid expenses and consumable supplies	**6,396**	4,638
Total current assets	**136,005**	118,924
INVESTMENTS AND ADVANCES, at cost (Note 3)		
Shares and advances		
Panarctic Oils Ltd.	**2,753**	2,717
Other	**1,062**	1,139
Notes and mortgages receivable	**226**	112
Notes receivable — directors and employees	**2,117**	2,176
	6,158	6,144
FIXED ASSETS, at cost (Note 4)	**139,445**	105,376
Less accumulated depreciation and depletion	**27,588**	23,939
	111,857	81,437
OTHER		
Deferred contract costs (Note 1)	**6,096**	3,174
Financial expenses, less amounts amortized	**169**	168
Excess of cost of investments in shares of subsidiaries over net assets at date of acquisition (Note 5)	**4,072**	4,087
	10,337	7,429
	$264,357	$213,934

Signed on behalf of the Board:

J. A. SCRYMGEOUR, Director

W. S. ZARUBY, Director

LIABILITIES

	1976	1975
CURRENT		
Bank loans, secured (Note 6)	**$ 41,586**	$ 37,992
Accounts payable	**51,708**	39,876
Income taxes payable (Note 13)	**1,871**	4,500
Dividend payable	**65**	73
Long term debt due within one year	**10,404**	5,132
Total current liabilities	**105,634**	87,573
LONG TERM DEBT LESS AMOUNT DUE WITHIN ONE YEAR (Notes 6 & 7)	**84,051**	62,390
DEFERRED INCOME TAXES	**14,926**	11,808
MINORITY INTEREST (Note 8)	**4,850**	4,595
Total liabilities	**209,461**	166,366

SHAREHOLDERS' EQUITY

	1976	1975
CAPITAL STOCK (Note 9)		
Preferred	**1,952**	6,648
Common	**3,456**	3,116
CONTRIBUTED SURPLUS (Note 10)	**4,393**	2,105
RETAINED EARNINGS (Note 11)	**45,095**	35,699
Total shareholders' equity	**54,896**	47,568
	$264,357	$213,934

Consolidated Statement of Retained Earnings For the Year Ended March 31, 1976

(Thousands of Dollars)

	1976	1975
BALANCE AT BEGINNING OF YEAR — restated (Note 11[d])	**$ 35,699**	$ 26,286
ADD		
Net earnings for the year	**9,663**	9,874
Reduction of minority interest arising from increase in the ownership of United Westburne Industries Limited	**31**	35
	45,393	36,195
DEDUCT		
Dividends on preferred shares		
Series "A"	**182**	378
1969 Series	**15**	15
1970 Series	**78**	80
1973 Series	**23**	23
BALANCE AT END OF YEAR	**$ 45,095**	$ 35,699

Auditors' Report

The Shareholders,
Westburne International Industries Ltd.

We have examined the consolidated balance sheet of Westburne International Industries Ltd. and its subsidiary companies as at March 31st, 1976 and 1975, and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. For Westburne International Industries Ltd. and those subsidiaries of which we are auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to those subsidiaries of which we are not auditors, whose statements reflect total assets and gross revenues of 41% and 55% respectively for 1976 and 47% and 58% respectively for 1975 of the related consolidated totals, we have carried out such inquiries and examinations as we considered necessary in order to accept for purposes of consolidation the reports of the other auditors.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31st, 1976 and 1975 and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
June 3rd, 1976

Touche Ross & Co.
Chartered Accountants.

westburne international industries ltd.
AND SUBSIDIARY COMPANIES

Consolidated Statement of Changes in Financial Position For the Year Ended March 31, 1976

(Thousands of Dollars)

	1976	1975
WORKING CAPITAL — OPENING BALANCE — restated (Note 11[d])	$ 31,351	$ 24,204
SOURCE OF FUNDS		
Net earnings before extraordinary items and minority interest	8,333	10,268
Depreciation and depletion	6,790	3,712
Deferred income tax	2,438	2,670
Other	1,121	79
	18,682	16,729
Long term debt	38,647	39,017
Sale of fixed assets and investment	8,491	4,595
Issue of capital stock — common shares	2,635	—
	68,455	60,341
APPLICATION OF FUNDS		
Capital expenditures	43,038	41,105
Reduction in long term debt	16,986	7,695
Deferred contract costs	4,192	3,174
Dividends on preferred shares	298	496
Redemption of preferred shares	4,696	212
Excess of cost of investments in shares of subsidiaries acquired over net book value of assets	—	645
Decrease (increase) in minority interest	182	(214)
Sundry	43	81
	69,435	53,194
INCREASE (DECREASE) IN WORKING CAPITAL	(980)	7,147
WORKING CAPITAL — CLOSING BALANCE	$ 30,371	$ 31,351
CHANGES IN WORKING CAPITAL		
Increase (decrease) in:		
Cash and short term deposits	$ (88)	$ 4,679
Accounts receivable	7,841	7,585
Inventories	7,570	6,551
Prepaid expenses and consumable supplies	1,758	3,000
Decrease (increase) in:		
Bank loans	(3,594)	(9,294)
Other payables	(9,195)	(3,140)
Long term debt due within one year	(5,272)	(2,234)
INCREASE (DECREASE) IN WORKING CAPITAL	$ (980)	$ 7,147

Notes to Consolidated Financial Statements March 31, 1976

1. PRINCIPLES OF CONSOLIDATION AND ACCOUNTING POLICY

(a) The consolidated financial statements include the accounts of Westburne International Industries Ltd. ("Westburne") and all subsidiary companies (collectively called for the purposes of these notes the "Company"). Eliminated on consolidation are 618,980 common shares of Westburne owned by subsidiaries and carried at a cost of $2,274,000. Two principal subsidiaries, Westburne Petroleum Services Ltd. ("W.P.S.") and United Westburne Industries Limited ("United") are consolidated on a pooling of interest basis. All other subsidiaries, including subsidiaries of the two principal subsidiaries, have been accounted for as purchases and their accounts included in the financial statements since the effective dates of acquisition.

The consolidated financial statements include the Company's share of the assets, liabilities, revenues and expenses of two joint ventures involving contract drilling operations.

(b) Assets and liabilities and income and expenses of the Company which are in currencies other than Canadian funds are converted into Canadian funds on the following basis:

i. Current assets and current liabilities at exchange rates in effect at the end of the period;

ii. All non-current assets and liabilities at the rates prevailing when acquired or incurred; and

iii. Income and expenses, except depreciation and depletion, at the average rate for the period.

Gains or losses on conversion are included in determining net earnings for the year in which foreign exchange rates change.

(c) The Company follows the full cost method of accounting in respect of its oil and gas activities. All costs relating to the exploration for and development of oil and gas reserves are capitalized. Proceeds from disposal of properties are deducted from costs without recognition of gain or loss.

(d) Deferred contract costs represent mobilization and start-up costs incurred on drilling contracts in foreign countries. These costs are being amortized over the term of the contracts.

(e) Effective this fiscal year, the Company has adopted the policy of consolidating certain foreign subsidiaries as of the end of February with the result that the operations of these subsidiaries are included only for the eleven month period ended February 29th, 1976. Had the operations of these subsidiaries been consolidated for the twelve month period ended March 31st, 1976, net earnings for the year would have been reduced by $263,000.

2. FOREIGN CURRENCY RESTRICTIONS

Cash of $376,887 is subject to foreign currency restrictions.

3. INVESTMENTS AND ADVANCES

(a) Panarctic Oils Ltd.
The Company at March 31st, 1976 had acquired 829,105 common shares of Panarctic in consideration of contributions of $2,753,000 (March 31, 1975 — $2,717,000) on exploration and drilling operations being carried out on lands controlled by Panarctic in the Arctic Islands.

(b) Notes receivable — directors and employees
The Company holds notes of directors and employees, including officers, which have arisen from subscriptions for preferred shares of Westburne and W.P.S. and the sale of common shares of United, as set out hereunder:

	1976	1975
5% notes receivable due on or before December 31, 1979	$ 160,000	$ 160,000
6% notes receivable due on or before December 31, 1980	1,285,000	1,330,000
6% notes receivable due on or before July 1, 1983	380,000	380,000
Non-interest bearing notes receivable due on or before May 1, 1983	292,000	306,000
	$2,117,000	$2,176,000

4. FIXED ASSETS, DEPRECIATION AND DEPLETION

	1976		1975	
	Cost	*Net Book Value*	*Cost*	*Net Book Value*
Land	$ 1,525,000	$ 1,525,000	$ 1,541,000	$ 1,541,000
Buildings	13,216,000	9,742,000	11,725,000	8,893,000
Drilling rigs	65,477,000	57,238,000	39,860,000	32,044,000
Drill string	10,798,000	7,532,000	7,913,000	5,051,000
Oil production equipment	4,839,000	3,462,000	4,149,000	3,007,000
Other equipment	19,798,000	12,609,000	16,140,000	10,216,000
Oil and mineral leases and development expenditures	13,615,000	9,572,000	11,040,000	7,677,000
Drilling equipment, under construction [See (a) below]	10,177,000	10,177,000	13,008,000	13,008,000
	$139,445,000	$111,857,000	$105,376,000	$ 81,437,000

(a) Drilling equipment under construction at March 31st, 1976 is to be utilized for drilling operations in the North Sea. At the date of this report negotiations are under way for the sale of the Company's interest in this equipment for an amount not less than our cost and contemporaneously to enter into a labour contract for operation of the equipment.

(b) It is the policy of the Company to depreciate the cost of plant and equipment to its estimated residual value over the estimated useful lives of the assets as follows:

Buildings — at rate of 5% to 10% mainly on a diminishing balance basis.

Drilling rigs — at a rate per drilling day designed to prorate original cost less a residual value of 30% over 3,000 drilling days.

Drill string — straight-line basis related to drilling activity.

Oil production equipment, oil and mineral leases and development expenditures — unit of production based on full cost method and estimated recoverable reserves.

Other equipment — mainly 20% to 30% diminishing balance basis.

5. EXCESS OF COST OF INVESTMENTS IN SHARES OF SUBSIDIARIES OVER NET ASSETS AT DATE OF ACQUISITION

The unamortized excess of cost of investments in shares of subsidiaries over net assets at date of acquisition arises from the accounting for acquisitions of subsidiaries on a purchase basis. This excess has been allocated as follows:

Fixed assets	$ 997,000
Intangibles	4,072,000
	$5,069,000

Management is of the opinion that the amount of $3,457,000 attributed to intangible assets pertaining to subsidiaries acquired prior to April 1, 1974 is of continuing value and accordingly does not contemplate any amortization of this amount. However, in accordance with generally accepted accounting practice, the excess cost of investments in shares of subsidiaries acquired after that date is being amortized over a period of 40 years.

6. ASSETS PLEDGED

The Company has pledged all accounts receivable, certain investments, certain of its oil and gas producing properties and has granted debentures secured by floating charges on certain assets, as security for bank loans and interim financing.

The Company has also granted a floating charge on certain assets as security for outstanding Sinking Fund Debentures amounting to $3,646,000 and has granted mortgages secured by certain real property and improvements.

7. LONG TERM DEBT

Sinking Fund Debentures

	1976	1975
Series A — 7% maturing March 15, 1987	$ 2,716,000	$ 3,257,000
Series B — 7½% maturing August 1, 1982.	280,000	320,000
Series C — 8½% maturing March 31, 1989	650,000	700,000
	3,646,000	4,277,000

The Company has covenanted to provide a sinking fund related to the above debentures aggregating $365,000 by March 31, 1977 (sinking fund provided to March 31, 1976 — $308,000) and annually thereafter. The debentures are redeemable prior to maturity for other than sinking fund purposes at maximum premiums ranging from 3 5/8% to 5.25%, such premiums to decrease by .375% to .50% yearly until the various redemption prices equal the par values.

	1976	1975
Bank loans	61,675,000	15,128,000

The above include special loans incurred principally for the acquisition of drilling assets, have maturities from 1977 to 1992 and carry interest rates ranging from 9% to 12% at March 31st, 1976.

	1976	1975
Mortgages, secured debentures, conditional sales contracts, etc.	20,219,000	19,846,000

The above mature from 1976 to 1992 and carry interest rates ranging from 6 1/4% to 14 3/8% at March 31st, 1976.

	1976	1975
Interim financing	8,915,000	28,271,000

The interim financing carries interest at 9 7/8% at March 31st, 1976 and will be repaid from long term financing arranged for this purpose or alternatively will be repaid from proceeds of sale of certain equipment, the sale of which is presently under negotiation. [See Note 4(a)].

	1976	1975
Total long term debt	94,455,000	67,522,000
Less amount due within one year	10,404,000	5,132,000
	$ 84,051,000	$ 62,390,000

8. MINORITY INTEREST

Amounts making up minority interest are as follows:

	1976	1975
Preferred shares	$ 2,575,000	$ 2,708,000
Common shares and contributed surplus	349,000	331,000
Retained earnings	1,926,000	1,556,000
	$ 4,850,000	$ 4,595,000

9. CAPITAL

(a) Capital stock

	Authorized		Issued	
	Shares	Amount	Shares	Amount
Preferred Shares of the par value of $25 each, issuable in series	680,000	$17,000,000		
8% Cumulative Redeemable Convertible Preferred Shares, Series A				
Issued as at March 31, 1975			185,248	$4,631,200
Converted into Common Shares			(110,414)	(2,760,350)
Purchased for cancellation			(74,834)	(1,870,850)
			Nil	Nil

	Authorized shares	Authorized amount	Shares	Amount
Subordinated Preferred Shares of par value of $10 each, issuable in series	300,000	$3,000,000		
5% Subordinated Cumulative Redeemable Convertible Preferred Shares 1969 Series				
Issued as at March 31, 1975			30,700	$ 307,000
Converted into Common Shares			(2,000)	(20,000)
			28,700	287,000
6% Subordinated Cumulative Redeemable Convertable Preferred Shares 1970 Series				
Issued as at March 31, 1975			133,000	1,330,000
Converted into Common Shares			(500)	(5,000)
Purchased for cancellation			(4,000)	(40,000)
			128,500	1,285,000
6% Subordinated Cumulative Redeemable Convertible Preferred Shares 1973 Series				
Issued as at March 31, 1976 and 1975			38,000	380,000
Preferred Shares				$1,952,000
Common Shares of the par value of $1 each	8,952,000	$8,952,000		
Issued as at March 31, 1975 (1)			3,116,517	$3,116,517
Issued on conversion of preferred shares			339,742	339,742
Issued on exercise of share purchase warrants			70	70
Common Shares (1)			3,456,329	$3,456,329

(1) Exclusive of 618,980 shares owned by subsidiaries.

(b) Common Shares Reserved —

At March 31, 1976, a total of 449,987 Common Shares were reserved for issuance as follows:

i. Upon exercise of outstanding share purchase warrants:

Series A, expiring March 15, 1977 — 148,539 shares at $6 per share;
Series B, expiring March 31, 1979 — 15,000 shares at $14 per share;
Series C, expiring February 27, 1981 — 15,000 shares at $8⅓ per share.
(All subject to adjustment in certain events.)

ii. Upon exercise of conversion privileges of preferred shares —

28,700 Preferred Shares 1969 Series, convertible up to December 31, 1979 into 114,800 Common Shares.

128,500 Preferred Shares 1970 Series, convertible between January 1, 1975 and December 31, 1980 into 128,500 Common Shares.

38,000 Preferred Shares 1973 Series, convertible between July 1, 1978 and July 1, 1983 into 28,148 Common Shares.

(All subject to adjustment in certain events.)

10. CONTRIBUTED SURPLUS

	1976	1975
Opening balance	$2,105,000	$2,050,000
Portion of issue price of Common Shares	2,267,000	35,000
Gain on purchase for cancellation of preferred shares	21,000	20,000
	$4,393,000	$2,105,000

11. RETAINED EARNINGS

(a) Under the provisions of the governing statutes, $4,363,000 (the amount equal to the par value of preferred shares redeemed) is restricted from distribution to shareholders.

(b) Covenants granted in respect of $40,000,000 five and one-half year financing obtained by a subsidiary in June 1975 ($38,000,000 as at March 31, 1976) prohibits payment of dividends on Common Shares until the indebtedness is paid in full or the subsidiary exhibits contractual evidence that the drilling equipment acquired with the loan proceeds will generate drilling contract payments sufficient to pay the indebtedness in full.

(c) The trust deeds under which the Series "A", "B" and "C" debentures were issued provide certain restrictions on payment of dividends by a subsidiary.

(d) Prior period adjustment —

As a result of income tax re-assessments applicable to the years 1969 through 1973, the balance of retained earnings at March 31st, 1974 and previously reported as $26,862,000 has been restated to show a retroactive charge of $576,000 representing the cumulative amount by which income taxes and applicable interest thereon as at March 31, 1974 had been increased.

12. SUPPLEMENTARY INFORMATION TO STATEMENT OF EARNINGS

	1976	1975
Other expenses (revenues)		
Interest — long term debt	$6,557,000	$3,770,000
Other interest	2,391,000	3,507,000
Interest and other investment income	(1,926,000)	(1,965,000)
Sale of fixed assets	(5,000)	(499,000)
Foreign exchange conversion gain	(587,000)	—
	$6,430,000	$4,813,000

	1976	1975
Extraordinary items		
Income tax reduction due to application of loss carry forward	$ 53,000	$ 206,000
Gain on sales by auction of drilling assets — net of applicable deferred income taxes of $734,000	937,000	—
Gain on sale of investment	980,000	—
	$1,970,000	$ 206,000

13. COMMITMENTS AND CONTINGENT LIABILITIES

(a) The Company has entered into lease agreements for premises at annual rentals of approximately $2,298,000 as at March 31st, 1976 and for various terms expiring up to 1992. In addition, the Company has entered into lease agreements covering various other assets which at March 31st, 1976 called for annual rentals of $858,000 for various terms expiring up to 1987.

(b) Pension and Retirement Plans —

The Company and certain subsidiaries have an unfunded liability with respect to past service which it is anticipated will be paid into the plan in equal annual installments of $164,000 until 1989. In addition, certain other subsidiaries which are covered under a separate plan had an unfunded liability requiring annual installments of $197,000 until 1992. This unfunded liability has been reduced by the reclassification of certain employees and by a lump sum payment into the plan during the current year of $465,000.

(c) Income Taxes — Contingent Liability —

In prior years, the Company acquired certain subsidiaries which had incurred exploration and development expenditures. In computing taxable income for the years March 31, 1968 to March 31, 1972 these subsidiaries had deducted the expenditures previously incurred. The Department of National Revenue — Taxation Division has questioned the deductibility of these particular expenditures and issued assessments indicating that in its opinion the right to these deductions were no longer vested in the companies due to

certain agreements entered into by them. On the advice of counsel, appeals were entered against the assessments. During fiscal 1976 the Company withdrew the appeal of one subsidiary and paid $350,732 income taxes and interest. At March 31st, 1976, assessments totalling $764,543 were still being contested. The Company has provided out of earnings in 1969 and 1970 an income tax reserve of approximately $340,000 which is available in the event the Company's appeals and if necessary, court actions, are not successful.

Income tax assessments in respect of the fiscal periods from 1967 to 1973 have been received in the amount of $326,000. These assessments are being contested and accordingly no provision has been made in the accounts.

14. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The Company and its subsidiaries paid all directors and senior officers including directors who are officers, an aggregate of $761,300 during the year ended March 31st, 1976.

15. ANTI-INFLATION LEGISLATION

The Company and certain subsidiaries are subject to the Federal Government's Anti-Inflation Legislation, which became effective October 14th, 1975. This legislation limits increases in prices, profits, compensation and dividends. Management is of the opinion, based on preliminary calculations, that the companies have no significant liabilities as a result of the Anti-Inflation Legislation.

Five Year Consolidated Summary of Earnings

(Thousands of Dollars)

	1976	1975	1974	1973	1972
OPERATING REVENUES					
Sales of merchandise	**$296,821**	$266,881	$200,308	$147,792	$109,358
Contract drilling	**56,197**	39,482	32,513	29,573	19,604
Oil and gas production	**4,928**	4,125	2,509	1,728	1,674
	357,946	310,488	235,330	179,093	130,636
COSTS AND EXPENSES					
Cost of sales — merchandise	**236,242**	210,388	162,005	122,079	91,010
Contract drilling	**42,402**	28,049	23,258	21,254	14,720
Oil and gas production	**2,036**	1,636	1,206	867	714
Depreciation and depletion	**6,790**	3,712	3,421	2,860	2,139
Selling, general and administrative	**45,904**	41,500	30,284	22,007	16,130
	333,374	285,285	220,174	169,067	124,713
EARNINGS FROM OPERATIONS	**24,572**	25,203	15,156	10,026	5,923
OTHER EXPENSES (Revenues)	**6,430**	4,813	3,912	2,086	1,064
	18,142	20,390	11,244	7,940	4,859
INCOME TAXES	**9,809**	10,122	5,653	3,644	1,865
	8,333	10,268	5,591	4,296	2,994
OTHER					
Extraordinary items	**1,970**	206	319	400	102
Minority interest	**(640)**	(600)	(397)	(252)	(240)
NET EARNINGS (before preferred dividends)	**$ 9,663**	$ 9,874	$ 5,513	$ 4,444	$ 2,856

Reports of Operating Divisions

EQUIPMENT AND SUPPLIES DIVISION

Our Canada-wide wholesale distribution system of plumbing, heating and electrical supplies and equipment and oilfield equipment and supplies enjoyed continued growth with gross revenues reaching $296,821,000 from $266,881,000 in the previous fiscal year, an increase of 11.2 percent. In the plumbing, heating and electrical supplies division three new branches were opened in Jonquiere, Quebec, London, Ontario and Kelowna, British Columbia during the year. In addition we continued our program of branch reorganization so as to house in the same premises both plumbing-heating and electrical product lines. To date 34 of our 104 branches are integrated and we are very pleased with the efficient manner in which our staff have accommodated to this change. The division's product lines include virtually all types of mechanical and electrical supplies and equipment required by contractors and other industrial and institutional users and this necessitates the maintenance of an inventory of over 50,000 items in order to promptly serve our more than 25,000 active customers.

The current year's prospects are favourable. Our division has, over the last few years, broadened its base of customers and products. As a result, our performance is less closely related to new residential construction than in previous years. We believe fiscal 1977 will again show improved revenues and earnings.

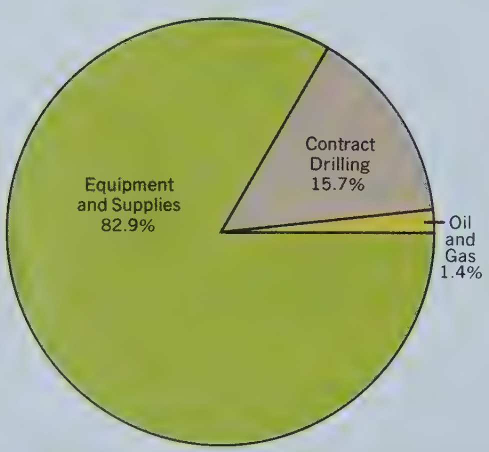
The oilfield equipment supply business benefited from the increased activity in the oil and gas industry. In a business usually dominated by major integrated steel companies, our subsidiary occupies a highly respected place. An inventory of over 3,000 items is maintained in branches in Alberta, Saskatchewan and British Columbia and in addition, many items handled, such as rock bits, motors and drilling rig components are sold under franchise providing for direct delivery from the manufacturer to the purchaser.

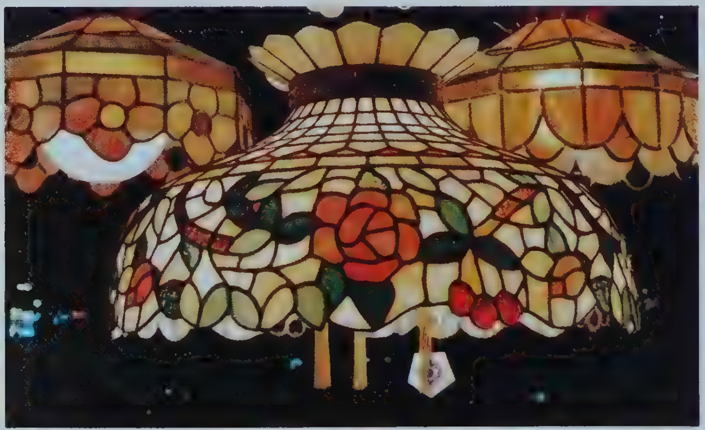
Prospects for the current year are excellent due to the anticipated continuing high level of exploration and development in the oil and gas industry in Western Canada.

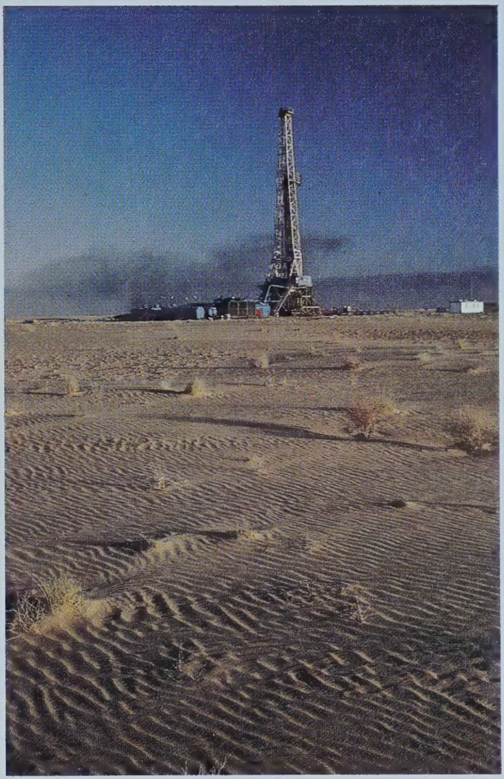
DRILLING DIVISION

Overall, our drilling division had a successful year with gross revenues increasing to $56,197,000 from $39,482,000. The high level of profitable activity in the Canadian market represented a dramatic turn-around from conditions existing in the prior year. Our 31-rig

SOURCE OF 1976 GROSS REVENUE





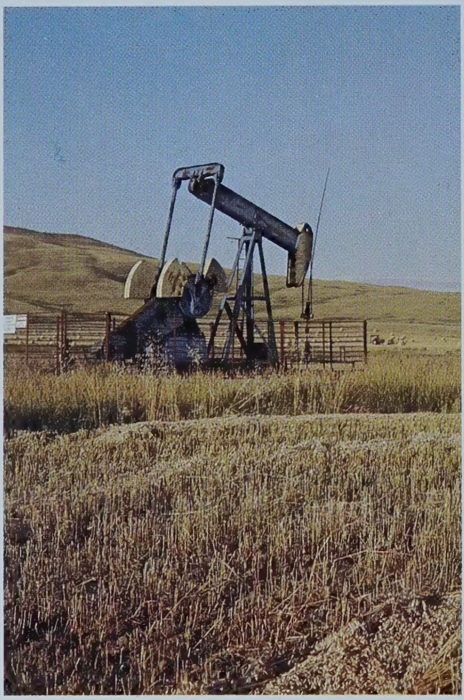


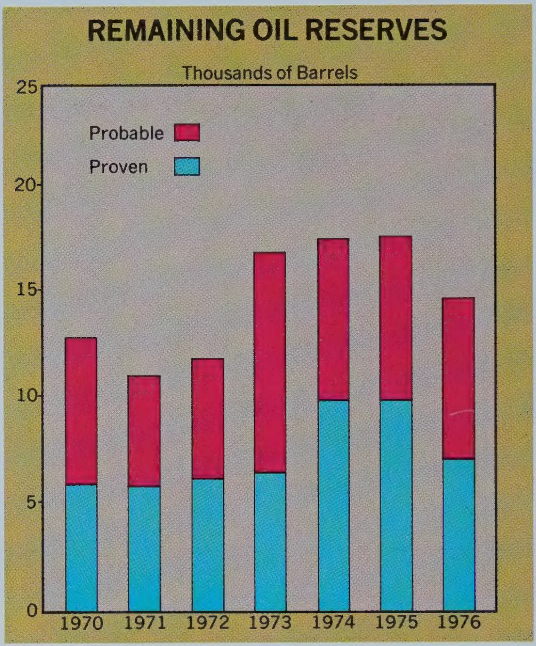
fleet (one rig was returned from the United States during the year) had its highest ever percentage of operating to available drilling days. We now have a 50 percent interest in four rigs in the Canadian Arctic. During the year the Commonwealth - Hi-Tower joint venture acquired the Drillarctic rig in which we previously had a one-third interest. Present outlook indicates that all four rigs will be operating this fall and winter. Our United States 11-rig operation has at the same time experienced a down turn in demand due to uncertainty caused by congressional policies and oil and gas pricing. By year end the eight new diesel-electric drilling rigs were operating on long contracts in Algeria and Iran and two additional rigs were acquired for our operations in Indonesia. The foregoing rig additions together with the nearly completed construction of a $13.5 million platform drilling rig completes the major capital expansion program which was initiated two years ago. Agreement has just been reached to sell this unit and we will undertake a labour/management contract for the operation of the rig for a four year term. The joint venture drillship project with Bj. Ruud-Pedersen of Norway was cancelled as a result of poor market conditions.

The outlook for drilling activity in Canada is excellent for the foreseeable future. We anticipate increased activity in the United States later in the year. Operations in Algeria and Iran, during the balance of the first half (about 18 months) of the contracts will bear heavy financing costs. In addition, high initial operating and crew training costs and the continuing effect of the late start-up due to delay in equipment deliveries will restrict earnings during that period. The operations in Indonesia continue on a most satisfactory basis and prospects for future contracts for our equipment appear favourable. The above mentioned four year labour/management contract will prove beneficial to our international operations.

EXPLORATION AND PRODUCTION DIVISION

The confrontation which occurred in 1973 and 1974 between the federal government and the producing provinces over the sharing of resource taxation has now been mostly resolved and the oil and gas industry is regaining the momentum which was evident prior to this jurisdictional dispute. Several factors have contributed to the resurgence of the industry. Of primary importance is a better understanding of Canada's energy problems by both levels of government; also, through federal-provincial negotiations, crude oil and natural gas prices were raised with the intent to raise prices eventually to international levels. Although the split of revenues between governments — federal and provincial — and industry, is far too much in favour of the former, these developments will generate more capital to finance exploration and development of new energy supplies. Consequently we anticipate that the ensuing fiscal period will be an active year for the industry.





Operating revenue from the exploration and production division for the year ended March 31, 1976 was $4,928,000 compared with $4,125,000, an increase of 19 percent over fiscal 1975. Gross oil production before royalties was 798,000 barrels, an increase of 4 percent over the 766,000 barrels produced last year. Net oil production after royalties increased 6 percent. Current gross production is 2,180 barrels per day.

EXPLORATION — OIL AND GAS

Canada — Westburne participated in the drilling of 27 wells (10.54 net wells) resulting in 25 oil wells (9.04 net oil wells). Two wildcat wells (1.5 net wells) were drilled and abandoned during the current reporting period. All of these wells were in the Province of Alberta.

Arctic Islands — through its 2.02 percent interest in Panarctic Oils Ltd., Westburne participated in Panarctic's drilling program which resulted in a substantial upgrading of the proven gas reserves of the Hecla field. A new gas find located midway between the Kristoffer Bay and King Christian gas fields was the eighth gas field discovered in the Arctic Islands and as a result of this discovery and the Hecla delineation drilling Panarctic now estimates that the total gas reserves in the Arctic Islands have been increased to 15 trillion cubic feet.

United Kingdom — as a follow-up program to the 1975 non-commercial hydrocarbon discovery on North Sea Block 2/10 the Company contributed its 5 percent share of the cost of two further wells on this Block which failed to encounter commercial hydrocarbons. A major oil company, in order to earn a 65 percent interest, has committed to commence prior to September, 1977, a Jurassic Sands test well, at its sole risk and expense, on North Sea Block 211/2 in which we presently have a 5 percent interest. In participation with another partner a seismic program was carried out over the mainland exploration licences held by the Company. The results were sufficiently encouraging that our partner has agreed to drill a well at its sole cost to earn a 75 percent interest.

Bolivia — the Company has a 25 percent interest in a block in the southern part of Bolivia covering 1,067,500 hectares (2,637,800 acres) in a vast oil producing area on which the initial well of a three well commitment was drilled and abandoned. The second well is now being drilled.

Exploration — Uranium

Baker Lake — the $1,000,000 plus 1975 exploration program on the Baker Lake uranium properties proved encouraging to Cominco Ltd. who are carrying out this work to earn a 55 percent interest in the properties. Preparations are now under way for this summer's budgeted $600,000 program. Our present interest in these properties is 17 percent.

westburne international industries ltd.
AND SUBSIDIARY COMPANIES

Seven Year Summary [1]

year ended March 31

(Thousands of Dollars except Per Share data)

	1976	1975	1974	1973	1972	1971	1970
Operating							
Operating Revenues	**$357,946**	$310,488	$235,330	$179,093	$130,636	$104,714	$105,407
Pre-Tax Earnings — before extraordinary items	**18,142**	20,390	11,244	7,940	4,859	4,323	4,916
Net Earnings — before extraordinary items	**7,693**	9,668	5,194	4,044	2,754	2,639	1,948
Net Earnings — after extraordinary items	**9,663**	9,874	5,513	4,444	2,856	3,156	2,596
Net Earnings applicable to Common Shares	**9,365**	9,378	5,004	3,941	2,343	2,648	2,578
Per Common Share Outstanding (2)							
Basic Earnings — Ordinary	**$2.23**	$2.94	$1.51	$1.17	$0.75	$0.74	$0.69
— Extraordinary	**0.60**	0.07	0.10	0.13	0.03	0.18	0.24
— Total	**2.83**	3.01	1.61	1.30	0.78	0.92	0.93
Fully Diluted Earnings							
— Ordinary	**1.97**	2.35	1.26	0.99	0.68	0.66	0.64
— Extraordinary	**0.51**	0.05	0.08	0.10	0.02	0.13	0.20
— Total	**2.48**	2.40	1.34	1.09	0.70	0.79	0.84
Cash Flow from Operations	**18,682**	16,729	11,397	9,572	5,456	5,691	5,000
Financial							
Receivables	**64,264**	56,423	48,838	39,592	26,310	20,658	19,532
Inventories	**57,031**	49,461	42,910	29,698	22,547	16,124	16,225
Working Capital	**30,371**	31,351	24,204	20,766	11,598	13,367	11,421
Fixed Assets, net	**111,857**	81,437	48,639	39,721	32,441	27,421	24,395
Total Assets	**264,357**	213,934	155,445	119,751	90,466	71,229	66,984
Common Shareholders' Equity	**52,944**	40,920	32,021	27,294	23,031	19,427	16,036
Equity per Common Share (3)	**$15.32**	$13.13	$10.30	$ 8.85	$ 7.64	$ 6.72	$ 5.79

(1) Results for 1970 to 1973 inclusive have been restated to give retroactive effect to tax allocation accounting relating to intangible exploration and development expenses.

(2) Based on weighted average number of Common Shares outstanding during year.

(3) Based on Common Shares outstanding at year end.

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